

TESTIMONY IN OPPOSITION

**TO:** House Committee on Commerce, Rep. Andy Meisner, Chair  
**FROM:** Eric Carter, attorney for StoreFinancial  
**DATE:** Tuesday, October 09, 2007  
**RE:** House Bills 4050, 4317, and 4680

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Dear Mr. Chairman and Members of the Committee:

The following testimony pertains to the above-referenced House bills. While StoreFinancial is currently opposed to these bills *as written*, it would be supportive of legislation assuming certain modifications to the language can be made. StoreFinancial would be happy to work with each of you in crafting appropriate language that both achieves sound policy objectives and holds the following characteristics:

- (1) Because gift cards generally fall within two distinct categories – single-retailer and multiple-retailer cards – and because of the myriad state and federal laws and regulations pertaining separately to different issuers of such cards, a necessary component of any “good” gift card legislation would be that it ***provides an exemption for multiple retailers and does not discriminate among different types of card issuers;***
- (2) continues to foster a positive retail climate;
- (3) retains and enhances Michigan’s status as a favorable state of domicile for banks issuing cards nationwide; and
- (4) corrects outdated statutory provisions applying to gift cards. Given the Legislature’s willingness to study possible gift card legislation, it would be unfortunate if it failed to take the opportunity to address the issue fully. Michigan’s unclaimed property statute defines the amount that is presumed abandoned for a gift card, and sets that amount as the “*price paid*” for a gift card. While this approach probably made sense years ago when *paper gift certificates* were the norm, it is an incorrect approach for modern electronic gift cards, the balances of which, unlike paper certificates, will fluctuate. While the “price paid” language may work for paper certificates, it causes confusion with respect to modern gift cards where, for example, a \$100 gift card may be used to buy a \$90 item and the original “price paid” – \$100 – should not be the amount remitted. We believe that the amount remitted to the state as unclaimed property should be the amount *remaining* on the gift card at the time it is presumed abandoned, and not the amount of the gift card when it is purchased.

If you have any questions, concerns or comments regarding this testimony, please do not hesitate to contact me directly at (913) 568-4754.

Thank you.